



National Community Action Foundation

Connecting Communities to Washington Since 1981

Nancy Potok
Chief Statistician
Office of Management and Budget

May 13, 2019

Dear Ms. Potok, Chief Statistician of the United States,

Thank you for considering this response on behalf of the National Community Action Foundation (NCAF) to the solicitation published in the May 7 *Federal Register*, seeking comments on “Consumer Inflation Measures Produced by Federal Statistical Agencies.”

NCAF represents the nationwide network of more than 1,000 Community Action Agencies. These local agencies exist in virtually every county in the U.S. and address the varied needs of low-income people and communities, helping individuals and families achieve independence and self-sufficiency and revitalizing low-income communities. Our agencies are authorized by and receive core funding from the federal Community Services Block Grant (CSBG) and administer and coordinate numerous federal, state, local and private resources on behalf of low-income people.

Anchoring the Community Action approach is a comprehensive assessment of local community needs. As part of this assessment, each Community Action Agency uses data based on official poverty thresholds to develop a profile of the community’s low-income population and track changes in this population from year to year. Moreover, many of the programs administered by Community Action Agencies (such as CSBG, Head Start, LIHEAP, home weatherization, job training, food assistance, legal services and more), rely on the federal poverty guidelines (based on the poverty thresholds) to determine eligibility. The guidelines also are used to produce annual data on participating households in agency, state, and national reports.

We are greatly alarmed by the implications of the Administration’s May 7 solicitation. Our concerns are threefold:

- Changing the index to a measure that would yield a lower estimate of inflation would reduce the number of people otherwise counted as poor and suggest a reduction in poverty that did not actually occur. An artificial and misleading reduction in the size of the poverty population, and by extension the poverty rate, could be used to justify harmful policies.



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Moreover, the official poverty data are used for a multitude of purposes by people and organizations that depend on the government for accuracy. Among numerous other things, these data drive the allocation of federal funds to states and localities under many formula-based programs. Use of a different, likely lower, inflation factor might not result in a dramatic change in the first year but could incorrectly suggest an exponential reduction in poverty over time, thus distorting the accuracy and usefulness of long-term trend data.

- An arbitrary change in the inflation factor could have a devastating impact on the ability of low-income people to access programs they desperately need. Under current law, the Secretary of Health and Human Services must update the poverty *guidelines* annually using the CPI-U. These guidelines are based on the poverty *thresholds* of the previous year. Even if the guidelines were still adjusted by the CPI-U, they would rise more slowly if the underlying thresholds rose by a slower rate each year. With no change in their economic circumstances, people would become ineligible for programs because of a statistical change, and the negative effect of this change would grow larger over time.

Although the current solicitation only requests comments on adjustments to the thresholds, it acknowledges that a change in the thresholds could affect eligibility for programs that use the poverty guidelines. These programs are numerous and critical to the individuals and families that Community Action serves. They include CSBG, Head Start, LIHEAP, SNAP, child nutrition and school meal programs, Weatherization Assistance, Job Corps and other workforce investment programs, legal services, and many more. They also include parts of Medicare and Medicaid, ACA subsidies, the Children's Health Insurance Program, Community Health Centers, and other critical health programs.

- Researchers and practitioners have long agreed that the current poverty thresholds are flawed and do not capture a true measure of poverty in America. Changing the inflation factor does not correct this problem. An extensive body of research and scholarly literature already exists on the limitations of the current poverty thresholds, which led to the development of the Supplemental Poverty Measure in 2009 in a continuing effort to address some of these complex problems. This measure, used currently for research purposes, produces higher poverty thresholds and a higher poverty rate, albeit for different subgroups of the population. Even without academic studies, Community Action workers know from daily experience that official poverty estimates greatly understate the true extent of poverty and hardship in America. Using a lower measure of inflation to make annual adjustments will only exacerbate the existing inadequacy of official poverty measures.



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Based on the concerns identified above, we strongly recommend against a precipitous change in the inflation factor used to adjust the official poverty thresholds. The May 7 solicitation focuses on the relative strengths and weaknesses of different inflation factors in relation to each other, and ignores the larger and well-documented problems with the poverty thresholds themselves. Except for a fleeting reference to programs that use the poverty guidelines, the solicitation ignores the impact that a lower inflation factor would have on these programs and the millions of people who depend on them. Likewise, the solicitation ignores the impact this change would have on the accuracy, consistency, and usefulness of official poverty statistics, and the policy decisions they inform.

Without judgement on the Administration's intent, we question the purpose of changing the method used to update the poverty thresholds in isolation of these larger concerns, at the same time the Administration has repeatedly proposed sharply lower spending on programs intended to benefit the very people who are counted by these thresholds. Poverty cannot be redefined out of existence, or eliminated with use of a new measuring stick. If the Administration is genuinely interested in a more accurate measure of poverty, we encourage a full and open discussion that reflects and builds upon the robust foundation of knowledge that already exists on this subject.

Sincerely,

David Bradley, CEO
National Community Action Foundation
davidbradley@ncaf.org